

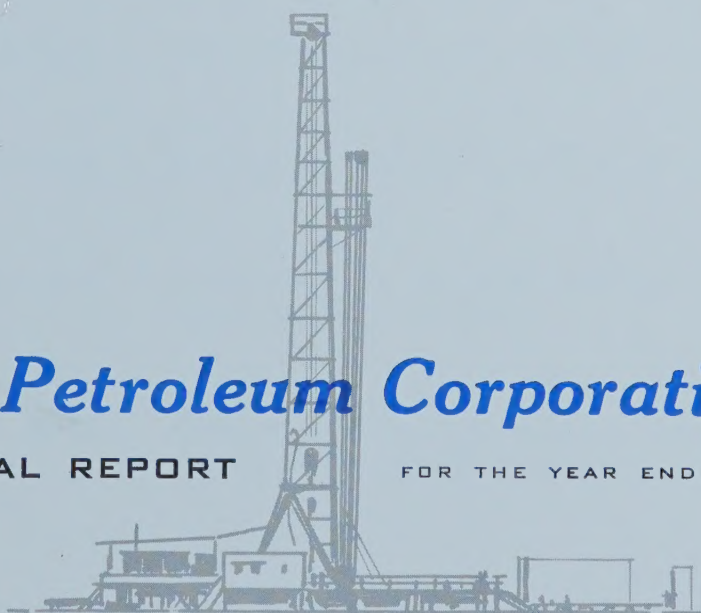
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# *Crusade Petroleum Corporation Limited*

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1969



A member of the DYNAMIC GROUP



## ANNUAL REPORT

December 31, 1969

# Crusade Petroleum Corporation Limited

(Incorporated under the laws of Alberta)

*A member of the Dynamic Group\**

### DIRECTORS

ROBERT CLIVE BROWN, *Calgary*  
FRANK BROWN, *Calgary*  
ARCHIBALD PARK NEWALL, JR., *Calgary*

### OFFICERS

ROBERT CLIVE BROWN, *President*  
FRANK BROWN, *Vice-President*  
ARCHIBALD PARK NEWALL, JR., *Secretary-Treasurer*

### HEAD OFFICE

210 - 736 - 8TH AVENUE S.W.  
CALGARY 2, ALBERTA

### AUDITORS

DELOITTE, PLENDER, HASKINS & SELLS, *Calgary*

### BANKER

THE ROYAL BANK OF CANADA, *Calgary*

### REGISTRAR

GUARANTY TRUST COMPANY OF CANADA, *Calgary*

### TRANSFER AGENT

GUARANTY TRUST COMPANY OF CANADA,  
*Calgary, Montreal & Vancouver*

### SHARES LISTED

CANADIAN STOCK EXCHANGE, *Montreal*  
VANCOUVER STOCK EXCHANGE, *Vancouver*

\* The term "Dynamic Group of Companies" is used to refer to the following companies collectively: Permo Gas & Oil Limited and its subsidiaries, New Continental Oil Company of Canada Limited and Consolidated East Crest Oil Company Limited, together with affiliated companies, Dynamic Petroleum Products Ltd., Royal Canadian Ventures Ltd., Mill City Petroleums Limited, Crusade Petroleum Corporation Limited, Dynalta Oil & Gas Co. Ltd. and Dynamic Mining Exploration Ltd. (No Personal Liability). These companies are separate and distinct Canadian corporations having an interlocking directorate, interlocking share positions, common management and the same executive offices.



## TO THE SHAREHOLDERS

We are pleased to present to our shareholders the annual report and financial statements of the company for the year ended December 31, 1969.

## MINERAL EXPLORATION HIGHLIGHTS

During the year under review the company, in co-operation with associated companies, has participated at little cost to itself in extensive widespread mineral exploration programs in the Provinces of British Columbia, Saskatchewan, Manitoba and in the Northwest Territories. These programs which are covered in greater detail elsewhere in this report have resulted in proving up additional reserves of ore around the Gulf Minerals Rabbit Lake uranium discovery; several new uranium prospects in the vicinity of, or on trend with, the Gulf Minerals Rabbit Lake discovery, which are now being evaluated by diamond drilling; significant discoveries of uranium and other minerals in the Baker Lake region of the Northwest Territories; a significant discovery of porphyry type copper mineralization in the Barriere Lake area near Kamloops, British Columbia, and in outlining numerous other mineral prospects in western Canada to be diamond drilled during 1970.

## GULF MINERALS URANIUM DISCOVERY

The Rabbit Lake uranium ore body in the Wollaston Lake area of the Province of Saskatchewan discovered in late 1968 by Gulf Minerals Company, a wholly owned subsidiary of Gulf Oil Corporation, has been declared by Gulf officials to be a viable mining project or, in other words, exploration work done to date has established an ore body of sufficient quantity and quality to proceed with the construction of a mill. However, there are two major obstacles involving political considerations and markets to be overcome before Gulf will be prepared to announce its construction plans.

On March 2, 1970, Prime Minister Trudeau announced in the House of Commons that the Canadian government would be implementing regulations with regard to ownership in the Canadian uranium industry. On March 20, 1970, Energy, Mines and Resources Minister J. J. Greene made a statement in the House of Commons to the effect that the government proposes to limit, by regulation, the extent of ownership of uranium producing enterprises in Canada by non-residents of Canada. Among other things, the Minister stated:

- That the regulations would distinguish between existing properties of demonstrated productive capacity and those developed in the future on the basis of exploration.

- That there would be a limit of 33% upon the aggregate foreign ownership of any uranium property of established productive capacity.
- That with regard to existing mines, the regulations will be effective as from the date of the Prime Minister's statement on March 2nd, but will not be retroactive in the sense of requiring foreign interests then holding more of the ownership than the prescribed limits, to divest themselves of surplus holdings.

With regard to the above item, Energy Minister Greene is reported to have told Parliament on April 10, 1970 that he felt the Gulf development fell within the retroactive guidelines and that Gulf would not be subject to the ownership restrictions. On May 5, 1970, Energy Minister Greene further clarified this situation to the extent that foreign controlled companies engaged in uranium exploration on March 2nd will have six years in which to establish the commercial viability of their properties, in which event they would not be forced to reduce the level of their foreign ownership. We are informed, among other things, that this latter announcement gives Gulf the confidence to proceed with an active program to find additional mines on the properties that are subject to our agreement.

As mentioned above, Gulf is not prepared to announce its plans to proceed with the construction of a mill in the area until the aforementioned government regulations are officially introduced and their position thereunder is established. In the interim, however, and presuming a favourable status quo, Gulf has stated, among other things, that:

- If the two major obstacles involving government legislation and markets are overcome, construction of a mill could start this year.
- Gulf must have assured markets since uranium at present is in surplus supply. However, in this regard, Gulf is of the opinion that it will be able to dispose of its uranium production providing the ownership situation aforesaid is favourably clarified.
- While Gulf does not want to divulge the size of the ore body or the grades of ore, it is obvious that to justify a mill with a capacity of 2,000 tons of ore per day, producing 2,000 tons of uranium oxide per year and involving an investment of \$50,000,000, the ore body must be big.



- The mill would take three years to complete and would eventually employ about 400 highly skilled workers. The design would facilitate very quick and easy expansion.
- For purposes of comparison, preliminary engineering designs for the mill with an initial annual capacity of 2,000 tons of uranium oxide, would make it capable of serving the needs of four of the largest nuclear reactors built, or about 25% of the total current U.S. demand.
- The mine will be an open pit operation, as opposed to a shaft mine.
- The development of a mine and mill will involve the building of a new townsite and in this regard, according to Premier Thatcher, the Department of Municipal Affairs of the Province of Saskatchewan is already looking into this situation.

We are hopeful that the regulations referred to herein will be officially introduced within the next few weeks and that Gulf will be able to announce definite plans concerning construction of a mine and mill in this area.

Crusade Petroleum Corporation Limited has a direct 12.5% interest in 20% of the net profits accruing under the terms of the agreement entered into with Gulf Minerals Company. This agreement covers approximately 1,244,366 acres of permit lands in the Wollaston Lake area and includes the Rabbit Lake ore body.

Shareholders of the company will be kept informed concerning further developments.

## GENERAL

The directors wish to express their appreciation to the shareholders for their interest in the affairs of the company and to the employees for their loyalty and personal interest in our activities.

On behalf of the Board,  
R. C. BROWN  
President

June 1, 1970

## **MINING EXPLORATION AND DEVELOPMENT**

Following is a regional summary of the mining exploration and development ventures in which Crusade Petroleum Corporation Limited has participated during the year under review in co-operation with associated companies. The various regions and areas are illustrated by maps throughout this report.

### **BRITISH COLUMBIA**

In the Province of British Columbia the Dynamic Group of companies operates under the name of Royal Canadian Ventures Ltd. from an office in Kamloops. An active exploration program was continued in 1969 and several new properties were added to the companies' holdings. Activities have been largely centred around the Kamloops area and northward as far as the Babine Lake area, where a total of 1,180 mineral claims are held by the Group in 23 separate properties of which 3 are scheduled for diamond drilling evaluation in 1970. The various properties are shown by areas on the map of British Columbia accompanying this report and following are more detailed particulars pertaining to certain of these areas. The company has a 14.3% working interest in these properties with the exception of Areas 18, 23 and 24.

#### **Areas 8 & 10**

These two areas comprising a total of 32 mineral claims have been studied by geophysical, geological and geochemical surveys during the past summer and anomalous areas have been outlined. Present plans call for diamond drilling on both properties, which are considered copper prospects, during 1970.

#### **Area 19**

This area comprises 73 mineral claims and 2 mineral leases located in the Iron Mask area, southwest of Kamloops, B.C. An exploration agreement has been entered into with Great

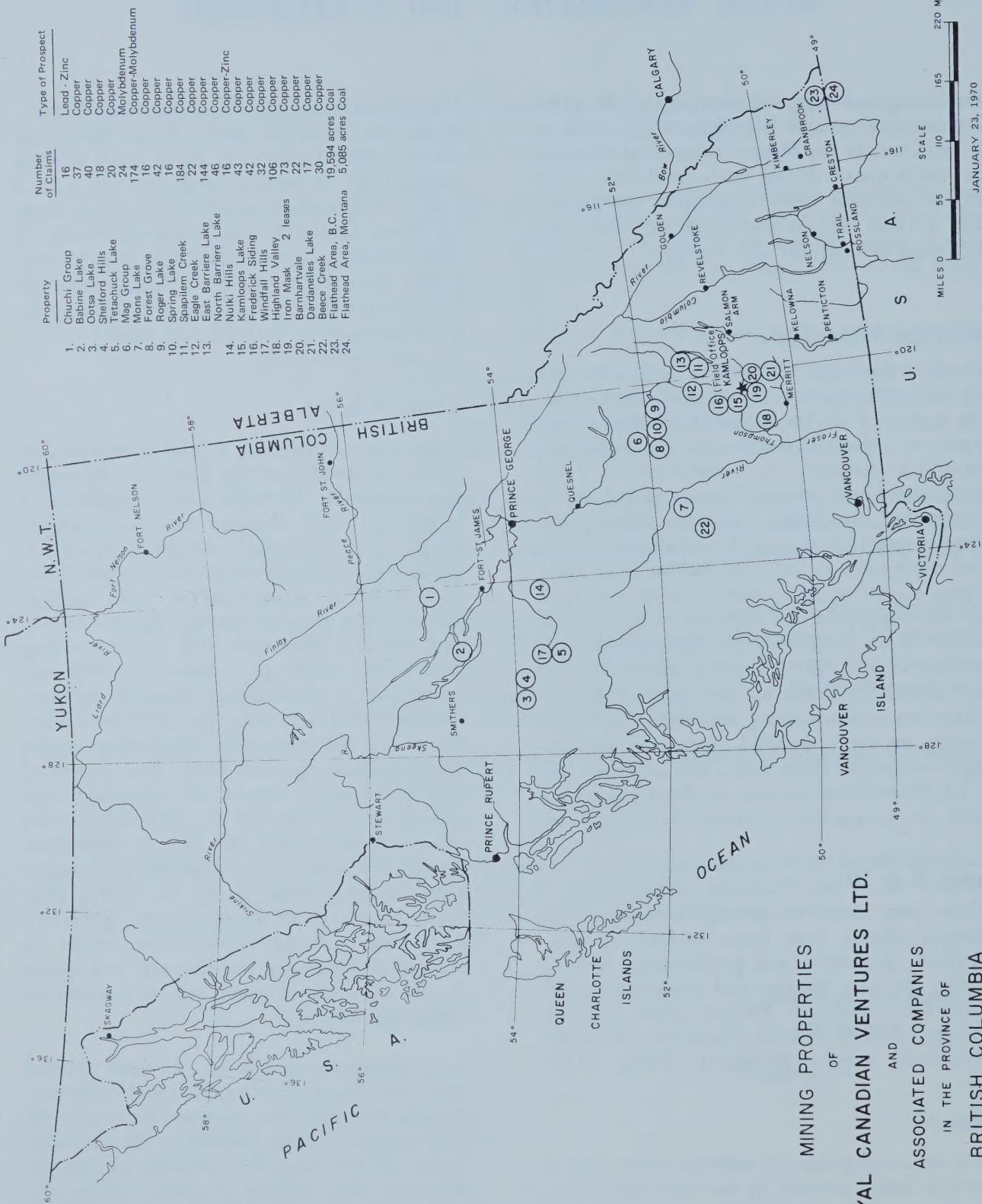
Plains Development Company of Canada Ltd., under the terms of which Great Plains can earn a 60% interest in these lands by the expenditure of certain funds over the next 3 years. Geophysical, geochemical and geological work has been conducted over some of these lands and two interesting copper anomalies have been outlined. Great Plains has been proceeding with diamond drilling operations since early in 1970 and results to date are very encouraging.

#### **Areas 11 & 13**

These areas comprising a total of 374 mineral claims are located in the Barriere Lake region approximately 50 miles north northeast of Kamloops, B.C. During the past summer, geophysical, geological and geochemical surveys were conducted on certain of these lands, namely those designated as East Barriere Lake on the map accompanying this report. Five vertical diamond drill holes totalling 2,200 feet were put down on 400-foot centres on a geochemical anomaly approximately 9,000 feet long by 2,000 feet wide. These showed extremely interesting copper mineralization in each hole. Two porphyry type mineralized zones are indicated, one approximately 100 feet in thickness and the other approximately 50 feet in thickness. Chemical assays of these zones yielded copper values ranging from 0.20% to 0.44%, with minor amounts of molybdenum, gold and silver. An induced polarization survey is planned to determine the direction and extent of the mineralized zone and as a guide to follow-up drilling.

An exploration agreement has been entered into with Rayrock Mines Limited, Toronto, Canada, whereby that company has a right to earn up to a 51% interest in 144 mineral claims of the total by carrying out an exploration and drilling program during the years 1970 to 1973 inclusive, which program commenced in May, 1970.







## MINING EXPLORATION AND DEVELOPMENT

### NORTHWEST TERRITORIES

During 1969 the Dynamic Group initiated an active exploration program in the Northwest Territories resulting in what would appear to be significant discoveries of uranium and other minerals. The following areas in particular will be evaluated by a large scale exploration and diamond drilling program during 1970.

#### Baker Lake Area

Following is the complete text of a press release made jointly by New Continental Oil Company of Canada Limited on behalf of the Dynamic Group of which Crusade Petroleum Corporation Limited is a member, Petrobec Limited (a subsidiary of Westburne International Industries Ltd.) and Citizens Pipeline Limited, on April 21, 1970, relative to work completed to date in the Baker Lake region of the Northwest Territories and plans for the remainder of 1970:

*For Release Noon, April 21, 1970.*

#### Summary

- Disclosure of discoveries of molybdenum and silver in addition to uranium at Baker Lake, Northwest Territories.
- Mineral holdings increased to 627,000 acres.
- Commencement by about May 1, 1970, of an extensive exploration and diamond drilling program.

Two significant mineral discoveries were made in the Baker Lake region of the Northwest Territories by New Continental Oil Company of Canada Limited

and its associates, Petrobec Limited of Montreal, a subsidiary of Westburne International Industries Ltd. and Citizens Pipeline Limited, a wholly owned subsidiary of Lochiel Exploration Ltd. of Calgary. The discoveries, both believed to be of hydrothermal origin and ore grade, are located on Exploration Permit No. 109 and resulted from ground followup to an airborne radiometric survey carried out by Scintrex Limited of Toronto. Consulting Geologists for the project are A.C.A. Howe International Limited, Toronto. Significant minerals encountered are uranium, molybdenum, and silver.

The first discovery was made on an anomaly located in the Kazan Sandstone where initial prospecting and trenching has been completed and a Winkie diamond drill (a prospecting drill used for shallow testing) was employed to drill one hole at -45 degrees at right angles to the structure to a depth of 46 feet. Chemical analyses over this 46 feet have yielded a continuous  $U_3O_8$  content with an average of 0.077% (1.54 #/Ton); also 0.025% molybdenum sulphide and traces of gold and silver.

The second discovery was made on an anomaly located approximately six miles north of the first, and is associated with a geologic feature in the basement granitic complex. A radioactive zone has been delineated by prospecting, and some trenching has been done. A hole drilled at -45 degrees at right angles to the structure to a depth of 36 feet with a Winkie diamond drill, yielded a chemical analysis of 0.338% of  $U_3O_8$  (6.76 #/Ton) over a continuous 22-foot interval from 11 feet to 33 feet. The same drill hole yielded by chemical analysis 0.658% molybdenum sulphide over 14 feet, or 0.37% over 26 feet. One 2-foot sample averaged 2.00%  $U_3O_8$ , 1.50 oz. of silver and 2.90% molybdenum sulphide.

A second hole on this anomaly, 220 feet from the first, was drilled at -45 degrees at right angles to the structure and gave erratic readings over its 38 feet of depth, ranging from nil to 0.06%  $U_3O_8$  (1.2#/Ton). By chemical analysis the same drill hole indicated an average of 0.102% molybdenum sulphide over a length of 32 feet.



## MINING EXPLORATION AND DEVELOPMENT

*Both discoveries are highly encouraging because of their location on tide water and its beneficial effect on the potential economic development of the area.*

*Following the discoveries, 75 mineral claims were staked covering anomalies lying outside the permit areas. Recently three additional mineral prospecting permits have been acquired on trend by the group, bringing the total area now under permit to approximately 627,000 acres.*

*A large scale exploration and diamond drilling program is now being planned to commence in this area about May 1, 1970.*

*The project is owned 40% by the Dynamic Group, 40% by Petrobec Limited of Montreal, a subsidiary of Westburne International Industries Ltd., and 20% by Citizens Pipeline Limited, a wholly owned subsidiary of Lochiel Exploration Ltd. of Calgary.*

*A. P. Newall, Jr., President  
New Continental Oil Company  
of Canada Limited*

### Kazan Falls Area

The Dynamic Group conducted an extensive airborne survey over the Kazan Falls region of the Northwest Territories in 1969. As a result of these surveys and considerable ground follow-up, 791 mineral claims have been staked on the anomalous areas where uranium mineralization has been delineated on the ground and three mineral prospecting permits comprising approximately 480,000 acres have been acquired in this area.

An exploration agreement has been entered into with Dynamic Mining Exploration Ltd. (No Personal Liability) under the terms of which Dynamic Mining has acquired an undivided 25% interest in these properties and has the option to earn up to 50%.

The Dynamic Group, including Dynamic Mining, will conduct a major work program over these lands during 1970 consisting of airborne and ground geophysics, geological mapping, geochemistry, and deep drilling is envisioned.

The company owns 14.3% of the interest held by the Dynamic Group, excluding Dynamic Mining, in these properties.

### Nonacho Area

In this area, consisting of some 300 mineral claims, Canadian Superior Exploration Limited conducted geophysical, geological and geochemical studies, followed by an extensive exploratory diamond drilling program, during 1969 and the early part of 1970. Work done by Canadian Superior, however, failed to locate the source of the radioactive material discovered on the surface, and as a result, the agreement has been terminated. The Dynamic Group now holds 100% interest in the properties, while Crusade shares to the extent of 14.3%.

At present our geological staff is reviewing all the work done and results obtained by Canadian Superior to determine future plans for this property.



# MINERAL PROSPECTING PERMITS

of

## THE DYNAMIC GROUP and PARTNERS

in

### BAKER LAKE AREA, NORTHWEST TERRITORIES



THE DYNAMIC GROUP

40%

PETROBEC LIMITED

40%

CITIZENS PIPELINE LIMITED

40%



THE DYNAMIC GROUP

16%

PETROBEC LIMITED

16%

CITIZENS PIPELINE LIMITED

8%

FORT RELIANCE MINERALS LTD.

30%

ENSIGN OIL LIMITED

30%



KAZAN FALLS (TMT) PROJECT

75%

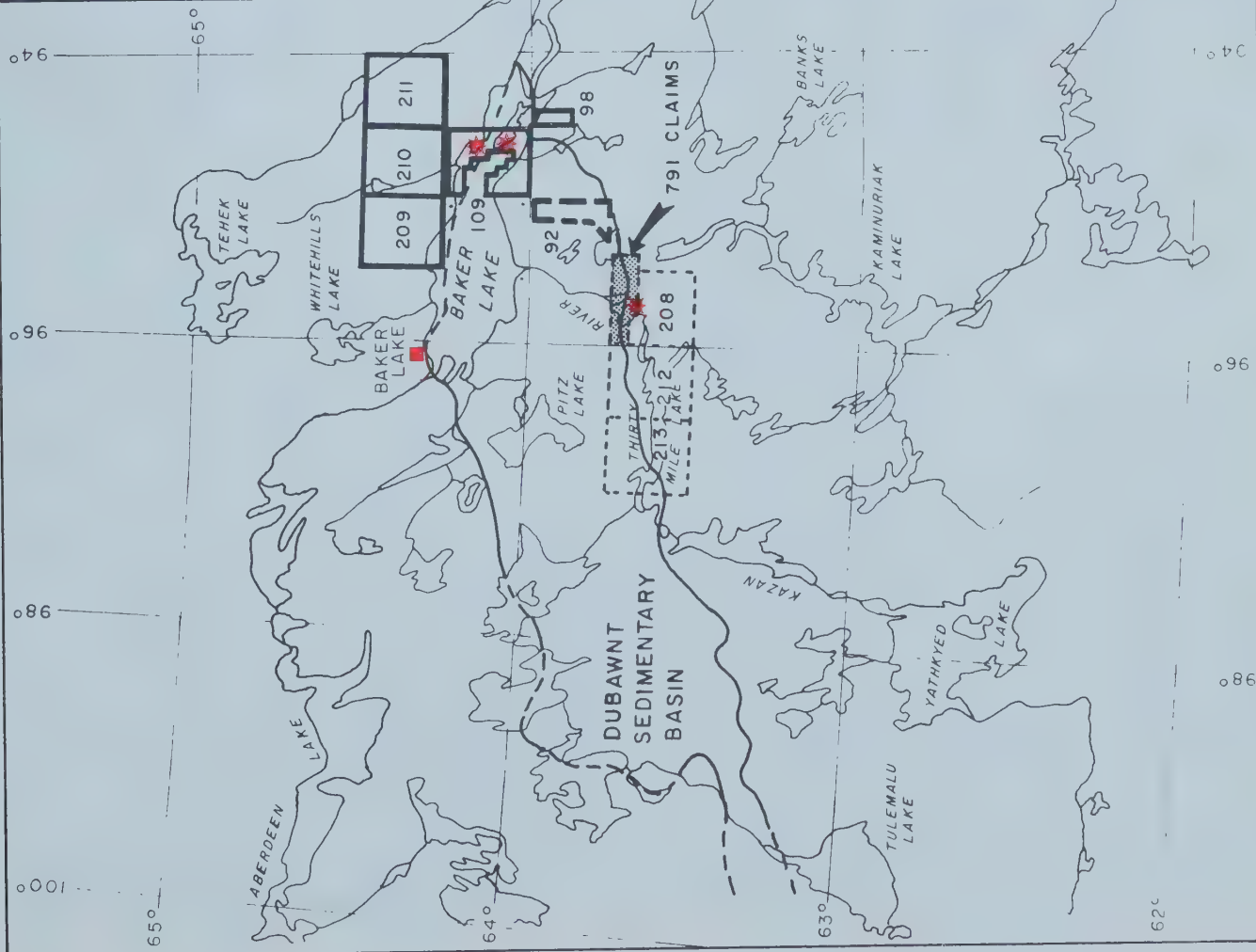
THE DYNAMIC GROUP

75%

DYNAMIC MINING EXPLORATION LTD. (No Personal Liability)

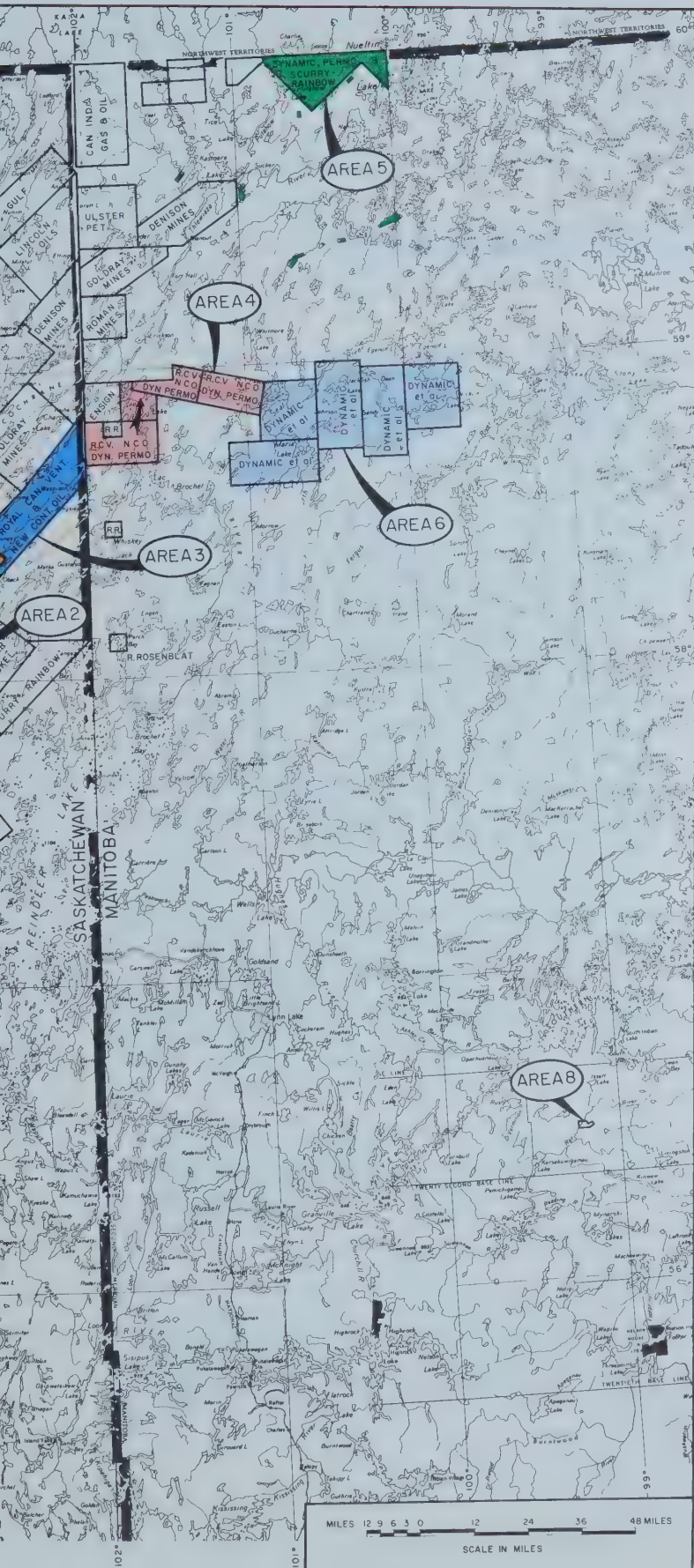
25% WITH OPTION TO EARN UP TO 50%

URANIUM DISCOVERIES









## WOLLASTON LAKE URANIUM AREA

CANADA

### AREA



GULF 80% AND THE DYNAMIC GROUP 20%

DYNAMIC PETROLEUM PRODUCTS LTD.  
ROYAL CANADIAN VENTURES LTD.  
MILL CITY PETROLEUMS LIMITED  
CONSOLIDATED EAST CREST OIL COMPANY LIMITED  
NEW CONTINENTAL OIL COMPANY OF CANADA LIMITED  
CRUSADE PETROLEUM CORPORATION LIMITED  
DYNALTA OIL & GAS LTD.



AREA OF COMMON INTEREST as defined under the Gulf - Dynamic Group Agreement — approximately 20,000,000 acres.



ROYAL CANADIAN 20%  
NEW CONTINENTAL 20%  
EXCEL PETROLEUMS LTD. 40%\*  
SCURRY-RAINBOW OIL LIMITED 20%\*

\*Subject to an expenditure of \$1,700,000 in a period of four years or less; otherwise the interest reverts to Royal Canadian and New Continental.

\*\*Subject to the proviso that Scurry-Rainbow shall be obligated to assume and pay 60% of such additional expenditures up to a maximum of \$5,000,000.



ROYAL CANADIAN 20%  
NEW CONTINENTAL 20%  
SCURRY-RAINBOW 40%\*  
SCURRY-RAINBOW 20%\*

\*Subject to an expenditure of \$825,000 in a period of four years or less; otherwise the interest reverts to Royal Canadian and New Continental.

\*\*Subject to the proviso that Scurry-Rainbow shall be obligated to assume and pay 60% of such additional expenditures up to a maximum of \$5,000,000.



ROYAL CANADIAN 10%  
NEW CONTINENTAL 10%  
DYNAMIC PETROLEUM 16%  
PERMO GAS & OIL LIMITED 4%  
SCURRY-RAINBOW 40%\*  
SCURRY-RAINBOW 20%\*

\*Subject to an expenditure of \$678,500 in a period of four years or less; otherwise the interest reverts to Royal Canadian and New Continental.

\*\*Subject to the proviso that Scurry-Rainbow shall be obligated to assume and pay 60% of such additional expenditures up to a maximum of \$5,000,000.



DYNAMIC PETROLEUM 64%  
PERMO GAS & OIL LIMITED 16%  
SCURRY-RAINBOW 20%\*

\*Subject to the proviso that Scurry-Rainbow shall be obligated to assume and pay 60% of such additional expenditures up to a maximum of \$5,000,000.



DYNAMIC PETROLEUM 25%\*  
DYNALTA OIL & GAS CO. LTD. 25%\*  
NEW CONTINENTAL 25%\*  
CRUSADE PETROLEUM 25%\*

\*Subject to the right of Dynamic Mining to earn a 40% interest by spending \$150,000.



THE DYNAMIC GROUP 871%

NEW CONTINENTAL 50%  
ROYAL CANADIAN 50%  
24 Mineral Claims

#### NOTE 1

The net profits interest retained by the Dynamic Group of Companies under the terms of the Gulf agreement before and after taking into consideration the inter-company share ownership, is shared approximately as follows:

	Direct Interest	Approximate Indirect Interest in Inter-Company Shareholdings	Total
Dynamic Petroleum Products Ltd.	12.50	12.99	25.49
Royal Canadian Ventures Ltd.	12.50	5.00	17.50
Mill City Petroleum Limited	12.50	13.78	26.28
Permo Gas & Oil Limited	—	19.24	19.24
New Continental Oil Company of Canada Limited	12.50	3.57	16.07
Consolidated East Crest Oil Company Limited	12.50	0.26	12.76
Crusade Petroleum Corporation Limited	12.50	0.22	12.72
Dynalta Oil & Gas Co. Ltd.	12.50	0.25	12.75
	87.50	Totals not Applicable	

#### NOTE 2

Scurry-Rainbow Oil Limited acquired its 20% interest in the various agreements indicated in the legend for a consideration of 15,000 shares of Scurry-Rainbow or \$600,000, and also an undertaking by Scurry-Rainbow to assume and pay 60% of such additional expenditures as may be required up to a maximum of \$5,000,000 on each of the four agreements for a total of \$20,000,000 maximum.

#### NOTE 3

The permits on this map are in the names of the companies as shown and compiled from information believed to be reliable but not guaranteed.

These permits give the holder the right to explore for all minerals (including uranium) but excepting petroleum and natural gas, coal, and in Saskatchewan, those described as alkali minerals.

Average Permit size - 192,000 acres (300 square miles).

#### NOTE 4

Permits as at May 30, 1970

## **MINING EXPLORATION AND DEVELOPMENT**

### **SASKATCHEWAN AND MANITOBA**

#### **NORTHERN SASKATCHEWAN**

##### **Area 1**

Since Gulf Minerals Company made their initial uranium discovery in late 1968, they have undertaken a multi-phase operation on the lands in which the Dynamic Group maintains a net profits interest. Both Gulf and ourselves are tremendously enthusiastic about the results obtained to date.

As a result of their 1968 exploration program, Gulf selected a site for a deep test which they drilled to in excess of 5,000 feet on one of the three permits located in the centre of the Athabasca Sandstone Basin. No information has been released as yet on the results of this test. The program for the eastern permits which contain approximately 1,244,366 acres, was broken down into two parts - a general exploration program over the main portion of the lands and an exploration and development program on the discovery area now known as the Rabbit Lake deposit. The general exploration program is being conducted out of the Gulf City camp as an independent operation, with selected personnel experienced in modern geological and geophysical methods and the Rabbit Lake development is being conducted out of a new camp located at the deposit where modern permanent buildings have been constructed. Drilling on this deposit commenced in February, 1969 and continued with three drills

on a 24-hour basis until the end of October, 1969 when drilling was suspended over the freeze-up period.

Initial drilling was done to determine the length of the ore body; however, when some 1,600 feet of strike length had been obtained, the program was changed to in-fill drilling to provide information for calculating ore reserves, ore grade, mining costs and other economic studies necessary to determine mine and mill feasibility. During the winter program five diamond drills were operated over frozen water areas for the purpose of delineating the Rabbit Lake ore body and Gulf geological, geophysical and engineering personnel were actively engaged in studying and correlating results obtained.

Independent of this operation, a winter drilling program was commenced on January 5, 1970, by Gulf Minerals on several of the uranium prospects located as a result of the general exploration program conducted during 1969. Three drills were employed on this project during the winter program, each located on a separate prospect.

Crusade Petroleum Corporation Limited has a direct 12.5% interest in 20% of the net profits accruing under the terms of the Gulf Minerals agreement.

##### **Area 7**

This area comprises three mineral exploration permits held in the name of Dynamic Petroleum Products Ltd. The company has a



## **MINING EXPLORATION AND DEVELOPMENT**

direct 12.5% interest in these permits which contain approximately 400,000 acres located on the southwest end of the Wollaston Lake fold belt.

During the summer of 1969 an airborne survey was conducted by Scintrex over these lands with electromagnetic, magnetic and spectrometer systems installed in a helicopter. Flight lines were flown at right angles to the strike of the formation on a quarter-mile spacing. During the same period our geological crews were on the ground checking anomalies as these became available and generally mapping the permits. Some radioactive anomalies were checked out on the ground with one showing as a prime prospect. Although time did not permit detailed evaluation of this prospect, surface sampling indicated uranium mineralization over considerable length and width. This prospect plus the remainder of the results from the 1969 airborne program are scheduled for evaluation during our 1970 exploration program.

### **Area 9**

This area comprising 27,635 acres, lies in the Head Lake region, northwest of La Ronge, Saskatchewan, in proximity to a recently announced nickel discovery. Airborne magnetics and electromagnetics have been flown over these properties and further surface work on airborne anomalies is now being considered. The company has a direct 14.3% interest in this property.

### **NORTHERN MANITOBA**

#### **Area 6**

This area comprising 5 mineral reservations held by Dynamic Petroleum Products Ltd., Dynalta Oil & Gas Co. Ltd., Crusade Petroleum Corporation Limited and New Continental Oil Company of Canada Limited contains approximately 600,000 acres. The company has a 25% interest in this property.

Under the terms of an exploration agreement with Dynamic Mining Exploration Ltd. (No Personal Liability), an associated company, Dynamic Mining must spend \$150,000 on these lands to earn a 40% interest therein. During the latter part of 1969 an airborne survey was conducted by Scintrex over these lands and as a result of this survey, approximately 450 electromagnetic events were evidenced and included in 33 separate systems. Magnetic correlation was recorded in approximately 50 of these 450 conductive events. These conductors will be ground checked and ground geophysical surveys will be conducted during our 1970 work program. At the same time ground geological evaluation of the anomalies will be carried out. Drilling will be conducted as recommended thereafter.

As of March 31, 1970 Dynamic Mining has expended the sum of approximately \$116,000 towards its commitment aforesaid.

# Crusade Petroleum

(Incorporated under The

## BALANCE

as at December 31, 1969

### ASSETS

	1969	1968
CURRENT		
Cash . . . . .	\$ 7,343	\$ 13,347
Short term deposits . . . . .	20,000	100,000
Accounts receivable . . . . .	3,797	1,340
Accrued interest receivable . . . . .	198	234
Government of Canada bonds - at cost (quoted market value 1968 - \$10,688) . . . . .		16,125
	<u>31,338</u>	<u>131,046</u>
OPERATING AND PERFORMANCE DEPOSITS . . . .	<u>16,125</u>	<u>9,375</u>
INVESTMENTS - at cost		
55,000 shares of Royal Canadian Ventures Ltd. (quoted market value 1969 - \$154,000; 1968 - \$275,000) . . .	5,775	5,775
100,000 shares of Dynamic Mining Exploration Ltd. (No Personal Liability) . . . . .	10,000	
	<u>15,775</u>	<u>5,775</u>
PROPERTY, PLANT AND EQUIPMENT - at cost		
Mining interests . . . . .	3,999	1,645
Petroleum and natural gas interests . . . . .	46,913	46,913
Well development costs . . . . .	68,359	68,359
Production equipment . . . . .	47,714	48,205
	<u>166,985</u>	<u>165,122</u>
Less accumulated depreciation and depletion . . .	83,878	79,765
	<u>83,107</u>	<u>85,357</u>
	<u>\$146,345</u>	<u>\$231,553</u>



# Corporation Limited

Companies Act, Alberta)

## HEET

with comparative figures for 1968)

### LIABILITIES

	1969	1968
CURRENT		
Bank Loan — secured . . . . .	\$ 100	\$ 100
Accounts payable . . . . .	21,198	2,715
	<u>21,298</u>	<u>2,815</u>

### SHAREHOLDERS' EQUITY

Capital Stock		
Authorized - 5,000,000 shares without par value . .	346,540	346,540
Issued - 1,928,339 shares . . . . .		
Deficit . . . . .	221,493	117,802
	<u>125,047</u>	<u>228,738</u>

### APPROVED ON BEHALF OF THE BOARD

R. C. BROWN, Director  
ARCHIBALD P. NEWALL, JR., Director

See accompanying notes.

\$146,345

\$231,553

# Crusade Petroleum Corporation Limited

## STATEMENT OF INCOME AND DEFICIT

For the Year Ended December 31, 1969

(with comparative figures for 1968)

	1969	1968
REVENUE		
Crude oil sales, less royalties . . . . .	\$ 23,016	\$ 30,422
Less production expenses . . . . .	11,663	12,150
	11,353	18,272
Interest . . . . .	6,676	8,343
Other . . . . .	714	
	<u>18,743</u>	<u>26,615</u>
EXPENSE		
Administrative and general . . . . .	24,055	10,235
Exploration and survey costs . . . . .	92,318	37,928
Property carrying costs (lease rentals and other) . . . . .	917	2,337
	<u>117,290</u>	<u>50,500</u>
CASH LOSS FROM OPERATIONS . . . . .	<u>98,547</u>	<u>23,885</u>
ADD		
Depletion . . . . .	1,278	1,921
Depreciation . . . . .	2,835	3,340
Abandonments		
Well development costs . . . . .		4,000
Mining properties . . . . .	1,031	101
	<u>5,144</u>	<u>9,362</u>
DEDUCT		
Gain on sale of properties . . . . .		18,750
Gain on sale of fixed assets . . . . .		2,362
		<u>21,112</u>
NET LOSS . . . . .	103,691	12,135
DEFICIT, beginning of year . . . . .	<u>117,802</u>	<u>105,667</u>
DEFICIT, end of year . . . . .	<u>\$221,493</u>	<u>\$117,802</u>

See accompanying notes.



# *Crusade Petroleum Corporation Limited*

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year Ended December 31, 1969

*(with comparative figures for 1968)*

	1969	1968
SOURCE OF FUNDS		
Proceeds from sale of properties . . . . .	\$	\$ 18,750
Proceeds from sale of equipment . . . . .	491	2,362
	<u>491</u>	<u>21,112</u>
APPLICATION OF FUNDS		
Cash loss from operations . . . . .	98,547	23,885
Mining interests . . . . .	3,385	1,260
Production equipment . . . . .		1,708
Well development costs . . . . .		4,000
Shares of Dynamic Mining Exploration Ltd. (No Personal Liability) . . . . .	10,000	
Increase (decrease) in operating and performance deposits	<u>6,750</u>	<u>(8,482)</u>
	<u>118,682</u>	<u>22,371</u>
DECREASE IN WORKING CAPITAL . . . . .	118,191	1,259
WORKING CAPITAL, beginning of year . . . . .	<u>128,231</u>	<u>129,490</u>
WORKING CAPITAL, end of year . . . . .	<u>\$ 10,040</u>	<u>\$128,231</u>

*See accompanying notes.*

# *Crusade Petroleum Corporation Limited*

## NOTES TO FINANCIAL STATEMENTS

December 31, 1969

### 1. ACCOUNTING POLICY

The company's policy is to capitalize the acquisition costs of petroleum, natural gas and mining interests together with drilling and development costs. Carrying costs and exploration expenses are charged against income as incurred. Acquisition costs and drilling and development costs of producing properties are depleted on a unit of production basis and equipment costs are written off over their estimated useful life. The costs of non-producing properties and unproductive development are charged against income in the year of abandonment.

### 2. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Included in administrative and general expense is an amount of \$5,155, being the company's share of remuneration paid to directors and senior officers.

### 3. INCOME TAXES

Under Canadian income tax law, exploration and development expenditures including certain property acquisition costs may be deducted from income or, if such expenditures exceed the income for the year, the excess may be carried forward to subsequent years. No provision for income taxes was required for the years ended December 31, 1969 or 1968 and an excess of such expenditures of approximately \$231,000 was available to be carried forward against future taxable income.

The company is of the opinion that it is not appropriate to provide for income taxes deferred as a result of timing differences between accounting income and taxable income as recommended by the Canadian Institute of Chartered Accountants. However, in the years ended December 31, 1969 and 1968 and as at December 31, 1969 there was no deferred income tax liability as a result of such timing differences.

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## AUDITORS' REPORT

To the Shareholders of  
Crusade Petroleum Corporation Limited

We have examined the balance sheet of Crusade Petroleum Corporation Limited as at December 31, 1969 and the statements of income and deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and application of its funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

DELOITTE, PLENDER, HASKINS & SELLS  
Chartered Accountants.

Calgary, Alberta  
March 20, 1970



# Crusade Petroleum Corporation Limited

## ACREAGE HOLDINGS AT DECEMBER 31, 1969

### PETROLEUM AND NATURAL GAS INTERESTS

PRODUCING	ACREAGE	TRACT FACTOR	FARMEE OR OPERATOR
Alberta			
Pembina Keystone Cardium Unit No. 1 . . .	160	6.7647	Whitehall Canadian Oils
Pembina Belly River AA Pool Unit . . .	<u>320</u>	13.5607	Western Decalta Petroleum
	<u>480</u>		
NON-PRODUCING			
P&NG LEASES & RESERVATIONS		INT. %	
Alberta			
Bat Lake . . . . .	34,880	.5050	GOR Imperial Oil Enterprises
Saddle Lake . . . . .	1,277	2.48	NCI Canadian Sulphur Dev.
Zama West . . . . .	<u>3,840</u>	.3	GOR Amoco Canada Petroleum
	<u>39,997</u>		

Interest percentages, unless otherwise noted, are working interests.

GOR - Gross Overriding Royalty

NCI - Net Carried Interest

### MINERAL INTERESTS

BRITISH COLUMBIA CLAIMS	NUMBER	INT. %	FARMEE OR OPERATOR
B Group . . . . .	22	14.2857	Royal Canadian Ventures Ltd.
Beece Creek . . . . .	30	"	" " "
Babine Lake . . . . .	37	"	" " "
Chuchi . . . . .	16	"	" " "
Dardanelles Lake . . . . .	17	"	" " "
Eagle Creek . . . . .	22	"	" " "
East Barriere Lake . . . . .	144	"	" " "
Forest Grove . . . . .	16	"	" " "
Frederick Siding . . . . .	42	"	" " "
Iron Mask . . . . .	73	"	" " "
Kamloops Lake . . . . .	43	"	" " "
Mag . . . . .	24	"	" " "
Mons Lake . . . . .	174	"	" " "
North Barriere Lake . . . . .	46	"	" " "
Nulki Hills . . . . .	16	"	" " "
Ootsa Lake . . . . .	40	"	" " "
Roger Lake . . . . .	42	"	" " "
Shelford Hills . . . . .	18	"	" " "
Spapilem Creek . . . . .	184	"	" " "
Spring Lake . . . . .	16	"	" " "
Tetachuk Lake . . . . .	20	"	" " "
Windfall Hills . . . . .	<u>32</u>	"	" " "
	<u>1,074</u>		
LEASES			
Iron Mask . . . . .	2	14.2857	Royal Canadian Ventures Ltd.

## MINERAL INTERESTS

SASKATCHEWAN		ACREAGE	INT. %	FARMEE OR
PERMITS				OPERATOR
Wollaston Lake . . . . .		1,820,366	12.5% interest in 20% defined net profits interest	Gulf Minerals Company
Wollaston Lake . . . . .		363,800	12.5	New Continental Oil Company
CLAIM BLOCKS				
Head Lake . . . . .		27,635	14.2857	" " " "
Wollaston Lake . . . . .		21,565	12.5	" " " "
MANITOBA				
RESERVATIONS				
Jackfish Lake . . . . .		601,867	25.	Dynamic Mining Exploration
NORTHWEST TERRITORIES				
PERMITS				
Baker Lake . . . . .		337,010	5.7143	Petrobec Limited
Baker Lake . . . . .		333,960	2.2857	New Continental Oil Company
CLAIMS		NUMBER		
Baker Lake . . . . .		75	5.7143	Petrobec Limited
Baker Lake . . . . .		791	14.2857	New Continental Oil Company
Hjalmar Lake . . . . .		237	14.2857	Canadian Superior Exploration
Hjalmar Lake . . . . .		44	14.2857	New Continental Oil Company









## *Crusade Petroleum Corporation Limited*

### INFORMATION CIRCULAR

#### SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation by the management of Crusade Petroleum Corporation Limited (hereinafter called "the Company") of proxies to be used at the Annual General Meeting of the Shareholders of the Company to be held at the offices of the Company, 210, 736 - 8th Avenue S.W., Calgary, Alberta, on Tuesday, the 10th day of June, A.D. 1969 at the hour of 1:00 o'clock in the afternoon (M.S.T.) for the purposes set forth in the notice of the meeting accompanying this information circular. The costs incurred in the preparation and mailing of both the proxies and this information circular will be borne by the Company but the Company will not absorb any additional expense arising from this solicitation which is confined to the mailing of this information to registered shareholders. The information contained herein is given as of the date of the accompanying notice of meeting.

#### APPOINTMENT AND REVOCATION OF PROXIES

THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY ARE DIRECTORS OF THE COMPANY. THE PERSON OR COMPANY SUBMITTING THE PROXY SHALL HAVE THE RIGHT TO APPOINT A PERSON TO REPRESENT HIM OR IT AT THE MEETING OTHER THAN THE PERSON OR PERSONS DESIGNATED IN THE FORM OF PROXY AS SUBMITTED BY THE COMPANY AND SUCH APPOINTMENT MAY BE EXERCISED BY THE DELETION OR STRIKING OUT OF THE PERSONS SO DESIGNATED AND INSERTING IN THE BLANK SPACE PROVIDED IN THE PROXY THE NAME OF THE APPOINTED REPRESENTATIVE, SUCH DELETION OR STRIKING OUT TO BE INITIALLED BY THE PERSON OR OFFICERS SIGNING SUCH PROXY.

ANY PERSON OR COMPANY GIVING SUCH PROXY SHALL HAVE THE POWER TO REVOKE SUCH PROXY AT ANY TIME PRIOR TO THE MEETING PROVIDING SUCH REVOCATION IS UNCONDITIONAL AND SIGNED AND DEPOSITED WITH THE SECRETARY OF THE COMPANY OR THE SCRUTINEERS AT OR PRIOR TO THE COMMENCEMENT OF THE SAID MEETING.

#### EXERCISE OF DISCRETION BY PROXIES

THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY WILL, IN THE ABSENCE OF ANY INSTRUCTIONS TO THE CONTRARY, VOTE THE SHARES IN RESPECT OF WHICH THEY ARE APPOINTED, FOR THE ELECTION OF DIRECTORS AS STATED UNDER THAT HEADING IN THIS CIRCULAR AND FOR THE APPOINTMENT OF AUDITORS AS STATED UNDER THAT HEADING IN THIS CIRCULAR. THE ENCLOSED FORM OF PROXY CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN WITH RESPECT TO AMENDMENTS OR VARIATIONS TO MATTERS IDENTIFIED IN THE NOTICE OF MEETING, AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING, PROVIDED THAT THE COMPANY IS NOT AWARE, A REASONABLE TIME PRIOR TO THE TIME THIS SOLICITATION IS MADE, THAT ANY SUCH AMENDMENTS, VARIATIONS OR OTHER MATTERS ARE TO BE PRESENTED FOR ACTION AT THE MEETING. AT THE TIME OF PRINTING THIS INFORMATION CIRCULAR THE MANAGEMENT OF THE COMPANY KNOWS OF NO SUCH AMENDMENTS, VARIATIONS OR OTHER MATTERS TO COME BEFORE THE MEETING OTHER THAN THE MATTERS REFERRED TO IN THE NOTICE OF MEETING.



## VOTING SHARES AND PRINCIPAL SHAREHOLDERS

On the date of the accompanying notice of meeting the Company had outstanding 1,928,339 common shares without nominal or par value, the holders of which are entitled to one vote for each such share registered in their name. Holders of common shares of record at the time and date of the meeting are entitled to vote at the meeting. The register of transfers will not be closed.

The Directors of the Company are the beneficial owners of 722,933 shares and Dynamic Petroleum Products Ltd. is the beneficial owner of 102,000 shares representing 43% of the issued and outstanding shares of the Company.

## ELECTION OF DIRECTORS

The following are the names of the persons for whom it is intended that votes will be cast for their election as Directors pursuant to the proxy which is hereby solicited: Frank Brown, Robert Clive Brown and Archibald P. Newall, Jr. The term of office for each Director is from the date of the meeting at which he is elected until the annual meeting next following or until his successor is elected or appointed.

### INFORMATION CONCERNING NOMINEES AS DIRECTORS

Name	Year First Became a Director	Shares of the Company Beneficially Owned
FRANK BROWN	1960	245,767
ARCHIBALD P. NEWALL, Jr.	1959	240,000
ROBERT CLIVE BROWN	1959	237,166

Robert Clive Brown is President of Crusade Petroleum Corporation Limited. Frank Brown is Vice-President and Archibald P. Newall, Jr. is Secretary-Treasurer.

## REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The Company bears a portion of the total remuneration paid to its Directors and Senior Officers who are paid by an associated company. The amount of such remuneration allocated to the Company during the year amounted to \$2,948 and in addition, the sum of \$173 was allocated to cover pension or retirement benefits. These amounts are included in administrative and general expense in the Company's financial statements.

As of the date of this information circular there are no options to purchase shares of the capital stock of the Company held by any of its Directors and Senior Officers.

## APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the reappointment of Purdy, Giles, Wyllie and Co., Chartered Accountants, Calgary, Alberta, the present auditors, as auditors of the Company to hold office until the next annual meeting of shareholders. The said auditors have been auditors for the Company since the year 1959.

By order of the Board

ROBERT CLIVE BROWN  
President

DATED: May 19, 1969